



J. TYLER McCAULEY
AUDITOR-CONTROLLER

**COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER**

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February 18, 2004

TO: Supervisor Don Knabe, Chairman
Supervisor Gloria Molina
Supervisor Yvonne Brathwaite Burke
Supervisor Zev Yaroslavsky
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley 
Auditor-Controller

SUBJECT: **CRYSTAL STAIRS, INC. CONTRACT REVIEW**

We have completed a contract compliance review of Crystal Stairs, Inc. (Crystal), a CalWORKs Stage 1 Child Care service contractor. The review was conducted as part of the Auditor-Controller's Centralized Contract Monitoring Pilot Project.

Background

The Department of Public Social Services (DPSS) contracts with Crystal, a private, non-profit, community-based organization that assists parents in locating child care services. The types of services provided by Crystal include providing the program participant with child care orientation, consumer education and child care referrals. In addition, Crystal conducts monthly monitoring of its staff located at DPSS offices. Crystal has offices located in the First and Second Districts.

DPSS pays Crystal a negotiated rate of approximately \$126 per case per month. DPSS also pays Crystal a fixed monthly fee of approximately \$31,000 to fund Crystal's staff located at DPSS offices and approximately \$20,000 over nine months for outreach services. For Fiscal Year 2002-03, DPSS paid Crystal approximately \$6,000,000.

Purpose/Methodology

The purpose of the review was to determine whether Crystal provided the services outlined in their Program Statement and County contract. We also evaluated Crystal's ability to achieve planned service and staffing levels. Our monitoring visit included a review of Crystal's billing statements, participant case files and interviews with Crystal staff, program participants and service providers.

Results of Review

Overall, Crystal is providing the services outlined in its contract. Crystal maintains documentation to support the services billed to DPSS and employs the appropriate number of staff to perform those services. The program participants interviewed stated that the services they receive from Crystal met their expectations. In addition, Crystal is achieving their planned services levels for Fiscal Year 2003-04.

However, we noted that Crystal management needs to improve the timeliness of providing child care referrals to the program participants. For three (20%) of the 15 cases reviewed, the participants received their referrals four days beyond the timeframe required by the County contract. We have recommended that Crystal management provide program participants with child care referrals within the timeframe required by their County contract.

Review of Report

On January 29, 2004, we discussed our report with Crystal who generally agreed with the finding. In their attached response, Crystal indicated they will submit a corrective action plan, including the timeframe to implement the recommendation, to DPSS within 30 days. In addition, we notified DPSS of the results of our review. DPSS indicated they will work with Crystal to ensure that requested referrals are provided timely.

We thank Crystal for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Don Chadwick at (626) 293-1122.

JTM:DR:DC

Attachment

c: David E. Janssen, Chief Administrative Officer
Department of Public Social Services
Bryce Yokomizo, Director
Pearlene Saffold, Chief, Supportive Services Division
Ida L. Rivera, Chief, Contract Management and Monitoring Division
Javier LaFianza, Chief Operating Officer, Crystal Stairs, Inc.
Violet Varona-Lukens, Executive Officer
Public Information Office
Audit Committee

**CENTRALIZED CONTRACT MONITORING PILOT PROJECT
CalWORKs STAGE 1 CHILD CARE PROGRAM
FISCAL YEAR 2003-2004
CRYSTAL STAIRS, INC.**

BILLED SERVICES

Objective

Determine whether Crystal provided the services billed in accordance with their contract.

Verification

We selected a sample of 15 referral participant case files from an average of 3,148 active participant case files for September and October 2003 and reviewed the documentation to support the services billed and determine if the program participants were eligible to receive services.

Results

Our review of the documentation of 15 sampled case files confirmed that Crystal provided the appropriate services required by their County contract. Our review of the case files also disclosed that multilingual services were provided to participants that requested the services and that consumer education information was provided to each program participant. In addition, documentation in the case files provided sufficient evidence that all 15 individuals were eligible to receive program services.

However, in evaluating Crystal's timeliness in providing day care referrals to program participants, we noted that three (20%) of the 15 individuals received their referrals four days beyond the timeframe established by the contract. Crystal management needs to ensure that they provide program participants with referrals within the three-day timeframe required by the County contract.

Recommendation

1. **Crystal management provide program participants with child care referrals within the three-day timeframe required by the County contract.**

Objective

Determine whether the program participants actually received the services that Crystal billed DPSS.

Verification

We judgmentally selected a sample of 13 program participants and providers to interview to confirm the services Crystal billed DPSS.

Results

No exceptions. The program participants interviewed stated that the services they received from Crystal met their expectations. Specifically, the participants stated that Crystal provided effective program orientation by clearly explaining their childcare options and program rights. Crystal also assisted in certifying eligibility and authorizing payments timely.

Recommendation

There are no recommendations for this section.

STAFFING/CASELOAD LEVELS**Objective**

Determine whether Crystal actual staffing levels are consistent with proposed staffing levels, as required by the County contract.

Verification

We interviewed 101 in-house program staff and nine staff and one supervisor located in DPSS offices to determine whether actual staffing levels were consistent with proposed staffing levels.

Results

No exceptions. Our review of Crystal's staffing levels for staff assigned to DPSS locations disclosed that Crystal achieved their planned staffing levels. The contract requires one supervisor to spend 60% (.60 FTE) and seven program specialist to spend 100% (7.0 FTE) of the time to provide services to the program participants at DPSS locations. Interviews with the supervisor and staff indicated that the supervisor spends 100% (1.0 FTE) of the time and the six program specialists spend approximately 100% (6.0 FTE) of the time on the CalWORKs contract. Also, our review of the in-house staffing levels disclosed that Crystal's current staffing levels of approximately 84.0 FTE individuals is 50% more than Crystal's budgeted staffing levels of approximately 56.0

FTE individuals used in their negotiated rate calculation. The increase in the staffing levels can be attributed to a 30% increase in caseloads, as noted below.

Recommendation

There are no recommendations for this section.

SERVICE LEVELS

Objectives

Determine whether Crystal reported services for Fiscal Year (FY) 2003-04 did not significantly vary from planned services levels.

Verification

We reviewed DPSS' Operational/Administrative Payments for FY 2003-04 and invoices and compared to Crystal proposed services levels for the same period.

Results

For the first five months of FY 2003-04, Crystal's service level averaged approximately 3,000 participant cases. This represents an increase of approximately 30% from the budgeted participant service levels (2,279 participant cases). The increase is due to an increase in the number of cases referred to the contractor by DPSS. Subsequently, the increase in caseloads has caused Crystal to increase its staffing levels. If the increase in Crystal's service levels is not temporary, DPSS needs to recalculate the negotiated monthly rate so that Crystal does not over-recover their fixed program costs.

Recommendation

- 2. If the increase in Crystal's service level is not temporary, DPSS needs to recalculate the negotiated monthly rate so that Crystal does not over-recover their fixed program costs.**



"...reachin' landin's and
turnin' corners..."

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10th Floor
Los Angeles, California
90045-5928
(323) 299-8998
www.crystalstairs.org

February 9, 2004

J. Tyler McCauley
Los Angeles County Auditor-Controller
500 W Temple, Room 525
Los Angeles, CA 90012

Dear Mr. McCauley:

Contract Review Response

We have reviewed the report issued by your Department and are in general agreement with the findings and recommendations. We will be submitting a corrective action plan to the Department of Public Social Services within 30 days that details our efforts to implement the recommendations contained in the report.

Please call me if you have any questions at (323) 421-2455.

Sincerely,

Javier La Fianza
Chief Operating Officer, Crystal Stairs, Inc.

OTHER LOCATIONS

Adams Boulevard
660 W. Adams Blvd.
Suite 100
Los Angeles, California
90007-2545

Leimert Park Village
4305 Degnon Blvd.
Suite 102
Los Angeles, California
90008-4908

Gardena
1046 W. Redondo Beach Blvd.
4th Floor
Gardena, California
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